

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT
OF

STATE BUREAU OF MOTOR VEHICLES COMMISSION
LICENSE BRANCH NUMBER 160
INDIANAPOLIS, INDIANA

January 1, 2003 to December 31, 2004



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Schedule of Collections and Distributions.....	4
Notes to Schedule of Collections and Distributions	5
Statistical Information.....	6
Examination Results and Comments:	
Branch Journal.....	7
Journal Reconcilement	7
Year End Inventory	7
Hold for Audit Inventory	8
Transfer of Funds	8
Document Retention	8
Exit Conference.....	9

OFFICIALS

Office

Official

Term

Chairman, Bureau of Motor
Vehicles Commission

Gerald Coleman
Mary DePrez
Joel Silverman

01-06-02 to 02-29-04
03-01-04 to 01-09-05
01-10-05 to 01-11-09

Branch Manager

Jim Conner
Gary Humphries
Lennie Glass
Brad Hoffman

01-01-03 to 03-30-03
03-31-03 to 08-01-04
08-02-04 to 02-06-05
02-07-05 to 12-31-05



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE STATE BUREAU OF MOTOR VEHICLES COMMISSION

We have examined the Schedule of Collections and Distributions of the State Bureau of Motor Vehicles Commission License Branch Number 160 (Branch) for the period of January 1, 2003 to December 31, 2004. The Branch's management is responsible for the schedule. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the Schedule of Collections and Distributions and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedule referred to above presents fairly, in all material respects, the cash transactions of the Branch for the years ended December 31, 2003 and 2004, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

December 7, 2005

STATE BUREAU OF MOTOR VEHICLES COMMISSION
 LICENSE BRANCH NUMBER 160
 INDIANAPOLIS, INDIANA
 SCHEDULE OF COLLECTIONS AND DISTRIBUTIONS
 January 1, 2003 to December 31, 2004

	<u>2003 Amount</u>	<u>2004 Amount</u>
Collections:		
Registrations	\$ 17,288	\$ 26,081
Titles	224,077	250,159
Watercraft	<u>1,830</u>	<u>2,775</u>
Totals	<u>\$ 243,195</u>	<u>\$ 279,015</u>
Distributions:		
State fees	\$ 237,585	270,549
County tax	5,604	8,460
Commission fees	<u>6</u>	<u>6</u>
Totals	<u>\$ 243,195</u>	<u>\$ 279,015</u>

The accompanying notes are an integral part of the schedule.

STATE BUREAU OF MOTOR VEHICLES COMMISSION
LICENSE BRANCH NUMBER 160
INDIANAPOLIS, INDIANA
NOTES TO SCHEDULE OF COLLECTIONS AND DISTRIBUTIONS

Note 1. Introduction

The Motor Vehicles Commission was created to manage the motor vehicle license branches. The Bureau of Motor Vehicles is a separate state agency which provides support services to the Commission controlled license branches. The license branches collect fees which fund the Motor Vehicles Commission. The license branches collect and forward county taxes (excise tax, wheel tax, and surtax) and state fees. The Commission has one contractual branch that is administered by an individual contractor according to Bureau policies. The Commission has developed a mobile license branch to serve the need of CDL license issuance and other special needs as they arise.

Note 2. Collections and Distributions

Each branch collects fees and taxes when vehicle and watercraft registrations, titles, and drivers licenses are sold. Fees are uniform throughout the state.

The total daily collections are deposited to a single bank account. From this account the collections are distributed to separate bank accounts which are not controlled by the license branch and belong to the state, county and Bureau of Motor Vehicles Commission.

Note 3. Banking System

The Bureau of Motor Vehicles Commission has entered into an agreement with Bank One for a cash concentration system. The system utilizes a series of individual noninterest bearing accounts (clearing accounts) from which all fees and taxes are transferred.

STATE BUREAU OF MOTOR VEHICLES COMMISSION
 LICENSE BRANCH NUMBER 160
 INDIANAPOLIS, INDIANA
 STATISTICAL INFORMATION
 January 1, 2003 to December 31, 2004

<u>Transactions Processed</u>	<u>2003 Quantity</u>	<u>2004 Quantity</u>
Vehicle registrations:		
Light truck	20	31
Other truck	39	38
Trailer	10	11
Other	<u>1</u>	<u>1</u>
Total vehicle registrations	<u><u>70</u></u>	<u><u>81</u></u>
 Titles:		
Vehicles	27,714	29,202
Watercraft	<u>122</u>	<u>184</u>
Total titles	<u><u>27,836</u></u>	<u><u>29,386</u></u>

STATE BUREAU OF MOTOR VEHICLES COMMISSION
LICENSE BRANCH NUMBER 160
INDIANAPOLIS, INDIANA
EXAMINATION RESULTS AND COMMENTS

BRANCH JOURNAL

The Branch journal was not adequately maintained. Activity from June 2004 to December 2004 was not posted to the branch journal. The Branch is currently in the process of completing the journal for 2004.

The branch journal is to be updated and maintained daily to account for balances in the branch clearing accounts and to identify differences between the bank balance and journal balance. (Branch Operations Policies and Procedures Manual, Journal/Balancing Chapter)

JOURNAL RECONCILEMENT

Reconciliations of the Branch journal to the bank balance from May to December of 2004 were not completed and presented for examination. The Branch is currently in the process of completing the journal reconcilements for 2004.

All accounts are required to be reconciled on a monthly basis. (Branch Operations Policies and Procedures Manual, Journal/Balancing Chapter)

YEAR END INVENTORY

The Branch personnel could not locate an inventory listing for year end 2003 and 2004.

Prior to year end, detailed inventory instructions were developed and distributed to each branch by BMV Audit Services. They included a listing of accountable items along with sample forms and examples. (Letter dated December 1, 2004, from the Audit Services Director)

STATE BUREAU OF MOTOR VEHICLES COMMISSION
LICENSE BRANCH NUMBER 160
INDIANAPOLIS, INDIANA
EXAMINATION RESULTS AND COMMENTS
(Continued)

HOLD FOR AUDIT INVENTORY

We noted that the branch did not have available lists of "hold for audit" inventory. Boxes were observed that were labeled "destroy plates." However, a list of the items in these boxes could not be provided.

If the seal on the "hold for audit" boxes needs to be broken for any reason, BMV Audit Services should be contacted. (Letter dated December 1, 2004, from the Audit Services Director)

TRANSFER OF FUNDS

Between January 1, 2003 and February 11, 2004, 320 of 324 invoices were not transferred in accordance with the transfer schedule developed by the Bureau of Motor Vehicles. This Branch has not made a transfer since February 11, 2004.

All transfers must be made in accordance with the Bureau's prescribed transfer schedule. (Branch Operations Policies and Procedures Manual, Journal Chapter)

DOCUMENT RETENTION

Three voided title applications selected for testing could not be located. Attendance reports for the audit period of 2003 were not presented for audit.

Documents should be retained in accordance with the retention schedule approved by the Oversight Commission on Public Records. Also, documents must be attainable, upon request, during an audit. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Pages 1:5 and 1:6)

STATE BUREAU OF MOTOR VEHICLES COMMISSION
LICENSE BRANCH NUMBER 160
INDIANAPOLIS, INDIANA
EXIT CONFERENCE

The contents of this report were discussed on December 7, 2005, with Brad Hoffman, Branch Manager. The official concurred with our findings.